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APPLICATION OF THE PROCEEDS OF SALES OF  
PERSONAL PROPERTY TOWARD THE PURCHASE  
OF REPLACEMENTS

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Reference: Supply Requisitioning

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1. PURPOSE

The purpose of this regulation is to set forth the policies, authorities and limitations, responsibilities, and general operating requirements governing the application of the proceeds of sales of personal property toward the purchase of similar replacement items.

2. DEFINITION

Personal property as referred to in this regulation pertains to Government-owned nonexpendable items which are not consumed and retain original identity in use, exclusive of real estate. It includes, but is not limited to, such items as vehicles, machines, and instruments.

3. POLICY

- a. It is the policy of the Agency, within the authorities and limitations set forth below, that the proceeds of sales of personal property be used toward the purchase of similar items of new property when the purchase is for replacement purposes.
- b. The accounting for such proceeds after completion of the replacement transaction shall be made as a reimbursement to the appropriation account charged or chargeable for the replacement item.
- c. Except as may be otherwise specifically authorized, all funds obtained from the sale of personal property will be available for obligation for the purchase of similar replacement items of personal property during the fiscal year in which the sale is made and for one fiscal year thereafter.

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- d. Proceeds of sales of personal property for which an obligation for replacement has not been incurred during the period of availability as stated in c above, shall be treated as Miscellaneous Receipts to be paid into the U. S. Treasury.
- e. Proceeds received from disposal of surplus items of personal property or of items not to be replaced shall be immediately treated as Miscellaneous Receipts for payment into the U. S. Treasury.

4. AUTHORITIES AND LIMITATIONS

- a. Public Law 600, Section 8, dated 2 August 1946, provides that the exchange allowances or proceeds of sales of motor-propelled or animal-drawn vehicles or tractors, or road, agricultural, manufacturing, or laboratory equipment, or boats, or parts, accessories, tires, or equipment thereof, or any other article or item the exchange of which is authorized by law, may be used to purchase articles of a similar nature, provided the transaction is evidenced in writing.
- b. Accounting Systems Memorandum No. 23 - Revised, dated 19 June 1953, issued by the General Accounting Office, prescribes procedures for the deposit and application of proceeds of sales of personal property when such proceeds are authorized for use in the purchase of similar personal property. The salient provisions of this memorandum are set forth in the policy statements and operating responsibilities outlined in this regulation.
- c. As a further understanding of the limitations within which proceeds of sales may be applied toward replacements, syllabi of decisions of the Comptroller General are quoted as follow:
  - (1) In 26 Comptroller General 729 (B-64700) it was stated that "the proceeds of sale may be applied toward the purchase price even though the sale and purchase are not simultaneous, provided the transactions are so identified with each other as to permit a determination that the items are sufficiently similar to fall within the purview of the statute."
  - (2) In 23 Comptroller General 931 (B-41811) there is included the statement that "to exchange or sell similar used items when purchasing equipment.....and to apply the exchange allowance or sales proceeds to the purchase price does not constitute authority to intermingle the various categories of specified items; rather, the equipment to be exchanged or sold and that

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purchased must be of the same or equivalent general character, that is, only a truck may be sold or exchanged in payment for a truck, a boat for a boat, etc."

"Motor parts for one type of vehicle may not be exchanged for motor parts for a different type, nor may a vehicle be exchanged for parts for either the same or any other type of vehicle; however, the exchange or sale of used parts in connection with the purchase of parts - identical or not - for use on the same type of vehicle is authorized."

- (3) In 27 Comptroller General 30 (B-67143) it was stated that "two or more old units of equipment may be traded in or sold and the proceeds thereof applied toward the purchase of a unit of new equipment if, in fact, the one is to be used as a replacement for the old;"
- (4) In 28 Comptroller General 256 (B-79631) it was stated that "Ordinarily a new item of equipment is purchased to replace but one item of old equipment. It is only in extraordinary circumstances when the item of new equipment is so far advanced technically and performs the work so many times more efficiently than the old equipment, that it properly may be said that the new equipment is to take the place of more than one item of old equipment."

5. RESPONSIBILITIES

a. ALL OFFICES

All offices originating requisitions for the replacement of items of personal property shall indicate on the request in addition to a description of the new item requested, a description of the old item to be replaced. Also, documents prepared pertaining to a replacement transaction involving the sale of personal property shall be cross-referenced to the exchange transaction.

b. ORGANIZATIONAL SEGMENTS OF AGENCY RESPONSIBLE FOR PURCHASE AND SALE OF PERSONAL PROPERTY

All organizational segments of the Agency which execute or monitor purchases or sales of personal property representing components of replacement transactions shall prepare and submit to the Office of the Comptroller the report of completed replacement transactions as prescribed in paragraph 6, below.

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c. OFFICE OF THE COMPTROLLER

(1) Budget Division

The Budget Division shall review all reports of completed replacement transactions and take action, as they determine necessary, to reimburse the allotments.

(2) Fiscal Division

- (a) The Fiscal Division shall record all proceeds of sales of personal property received by it and prepare a report covering such collections on Form No. (see figure 1) and forward the original and one copy to the organizational segment of the Agency responsible for the handling of purchases and sales of the type of personal property involved.
- (b) The Fiscal Division shall review the reports of completed replacement transactions and make the necessary recordings to reflect the reimbursements to the appropriation accounts.

(3) Finance Division

- (a) The Finance Division shall record all proceeds of sales of personal property received by it and prepare a report covering such collections on Form No. (see figure 1) and forward the original and one copy to the organizational segment of the Agency responsible for the handling of purchases and sales of the type of personal property involved.
- (b) When collections of the proceeds of sales of personal property involving replacements are reported by the field stations, reports on Form No. shall be prepared by the Finance Division and forwarded in the same manner as for headquarters transactions. The Finance Division shall make the necessary entries to record the sales proceeds reported by the field stations.

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#### 6. REPORT OF COMPLETED REPLACEMENT TRANSACTION

A Report of Completed Replacement Transaction - Personal Property, Form No. (see figure 2) shall be prepared in each case when an item or group of items of personal property are disposed of by sale and are to be replaced by similar items. A completed replacement transaction, for the purpose of this report, is one in which the proceeds have been collected covering the item or group of items disposed of and the obligations have been incurred to acquire the replacements. The original shall be transmitted to the Fiscal Division, Office of the Comptroller, and a copy shall be forwarded to the Budget Division, Office of the Comptroller.

DISTRIBUTION: AB

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1955REPORT OF COLLECTION OF PROCEEDS OF SALES OF PERSONAL PROPERTY FOR  
USE TOWARD THE COST OF REPLACEMENTS

TO:

DATE: \_\_\_\_\_

FROM:

This is to advise that proceeds of sales of personal property for use toward the cost of replacements have been collected by ☐ headquarters ☐ field as follows:

<u>Date of Sale</u>	<u>Description of Item Sold</u>	<u>Project or Station</u>	<u>Amount</u>
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The above stated funds are being held in suspense pending receipt of reports of completed replacement transactions. These funds are available during the fiscal year in which the sale was made and for the next following fiscal year for obligation for the purchase of similar replacement items. In the event an obligation for replacement is not incurred during this period of availability these proceeds shall be deposited with the U. S. Treasury as Miscellaneous Receipts.

\_\_\_\_\_  
Signature  
Chief, Accounts Branch

FORM NO.

Figure 1

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REPORT OF COMPLETED REPLACEMENT TRANSACTION - PERSONAL PROPERTY

TO: Comptroller

Report No.\*

FROM:

REPLACEMENT (NEW ITEM)

1. Type of Property	2. Purchase Order Number and Date	3. Allotment No.
4. Description (Model, etc.)	5. Manufacturer's Name	6. Serial No.
7. If applicable Engine Number	8. Location <input type="checkbox"/> Headquarters <input type="checkbox"/> Field	9. Cost

ITEM DISPOSED OF

10. Description/Model	11. Manufacturer's Name	12. Serial No.
13. If applicable Engine Number	14. Date of Sale	15. Proceeds

16. REMARKS

CERTIFICATION

This is to certify that the above described transaction is a replacement transaction as defined by [REDACTED] and the sales proceeds received for the item or items disposed of are proper for reimbursement to the appropriation account charged for the replacement.

Date

(Typed Name and Signature of  
Authorized Official)

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